

ANNEXURE.

Supplementary statement showing the Distribution of Loans for the Improvement of Water Supply in several Municipalities in the State.

| Sl. No. | Name of the Municipality | Estimated cost of the scheme | Amount of loan sanctioned during 1952-53 |
|------------|------------------------------|------------------------------------|--|
| | Kolar District. | | |
| 1. | Manchenahalli | 13,000 | 13,000 |
| | Bangalore District. | | |
| 1 | Hosakote | 2,20,000 | 55,000 |
| 2 | Anekal | 20,000 | 20,000 |
| | Mandya District. | | |
| 1 | Krishnarajapet Rs. 1,72,700 | 2,98,700 | 74,675 |
| | Rs. 1,26,000 | | |
| 2 | Pandavapura | 80,000 | 40,000 |
| | Chikmagalur District. | | |
| 1 | Narasimharajapura | 10,400 | 10,400 |
| | Chitaldrug District. | | |
| 1 | Harihar | 28,575 | 28,575 |
| | Mysore District. | | |
| 1 | Periyapatna | 80,000 | 40,000 |
| 2 | Hunsur | 75,000 | 37,500 |
| | Hassan District. | | |
| 1 | Sakalespur | 3,00,000 | 75,000 |
| 2 | Alur | 2,00,000 | 50,000 |
| 3 | Belur | 20,000 | 20,000 |
| | Total | 13,45,675 | 4,64,150 |

Issues directions regarding the Expenditure and Maintenance of Closing Balance by the Town Municipal Councils in the State.

CIRCULAR.

No. L. 19436-45—ML. 4-52-71, DATED BANGALORE,
THE 10TH FEBRUARY 1953.

There is a great tendency on the part of the Municipal Councils to be charitable in making contributions, grants, donations and other expenditures from out of the funds of the Municipality to all sorts of functions, organisations and institutions without due regard to the financial rules. They could do so only if their finances were sound and if they had satisfactorily discharged all their obligatory duties. In most cases both the criteria are not fulfilled. Such expenditure is being incurred in anticipation of sanction on the ground that the occasion was urgent, and that

immediate action was called for. In spite of several directions to the effect that the provisions of law and the financial rules should be adhered to, the position has not improved. Many Municipal Councils incur such expenditure on a large scale disregarding the Budget provision, and without maintaining the prescribed closing balance, and when they are also in default of contributions like Annual Maintenance Charges of Water Works, Medical Contributions and other dues to Government or Local Authorities.

2. If this question is analysed with reference to the Government Order No. L. 14771-886—Ml. 163-52-3, dated 26th November 1952, delegating certain powers of expenditure, the Council, the Deputy Commissioners and the Commissioner will exercise the delegated powers and accord sanctions to the expenditures in the following circumstances:—

(1) When there is a lumpsum provision in the sanctioned Budget;

OR

(2) When the expenditure has to be met out of the closing balance due to the unexpected nature of the expenditure in question.

3. In cases falling under category No. (1) there will be no objection as provision will have been made in the budget sanctioned by competent authority.

4. In cases falling under the second category the Act prescribes certain limitations to spending the money not budgetted for (*vide* Section 185 of the Mysore Town Municipalities Act, 1951). Section 187 lays down that if, in the course of the official year, the Municipal Council finds it necessary to modify the figures shown in the Budget with regard to its receipts or to the distributions of the amounts to be expended on the different services it undertakes, it may do so, provided that without the approval of Government—

(a) no reduction shall be made in the amounts allotted for the several items specified in clauses (b) and (c) of sub-section (3) of Section 186, and

(b) the closing balance shall not be reduced below the sum fixed under clause (d) of sub-section (3) of Section 186.

5. It is mandatory under sub-section (3) of Section 186 to—

(i) make adequate provision for the services as may be required for the fulfilment of the several duties imposed by this Act,

(ii) to provide for the repayment of loan and interest due to Government;

(iii) to provide for the payment of all sums to Government under Sections 201 and 202 and all contributions for the maintenance of water supply, dispensaries, schools, etc.; and

(iv) to allow for a balance at the end of the year for a sum equal to three months' pay of the staff.

6. Thus it is clear the Commissioner for Local Self-Government, Deputy Commissioners of Districts and the Town Municipal Councils can exercise the delegated powers of sanction of expenditures provided the contributions due to Government Departments and other institutions are paid and an amount equal to at least three months' pay of the staff is maintained as closing balance.

7. On a scrutiny of the proposals received it is seen that several Municipal Councils have not repaid the loans and interest due to Government, maintenance charges of the water works and have not maintained closing balances equal to three months' pay of the staff, but are still recommending payments to various other items from out of closing balance. In such cases, the Officers who have been delegated with additional powers are requested to see that the provisions of Sections 185, 186 and 187 of the Mysore Town Municipalities Act, 1951, are strictly enforced and recommendations contrary to the above provisions are turned down. In all such cases an enquiry should always be made whether Government dues have been paid and the minimum balance retained. If Government dues are not paid, action must be taken to adjust the dues out of closing balance.

8. In view of the fact that heavy loans are being advanced by Government for water supply schemes, every precaution should be taken to prevent extravagance and encourage economy to see that the money is properly spent and the loans due to Government are repaid.

9. The Commissioner for Local Self-Government, the Deputy Commissioners of Districts and the Presidents of Town Municipal Councils are requested to scrutinise all proposals involving finances in the light of the above directions before sanction is accorded in exercise of powers delegated by Government in their Order No. L. 14771-886—Ml. 163-52-3, dated 26th November 1952, read above or before recommendations are made to Government for sanction.

G. V. K. RAO,

*Secretary to Government,
Local Self-Government and
Planning Departments*